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SUBJECT: NICARAGUANS SEEK NEW GROUND RULES FOR PROPERTY CLAIMS

REF: MANAGUA 1359

¶1. (SBU) Summary. In an August 23 meeting with Econoff, Attorney General Estrada said that in processing property claims, his government will now distinguish between those who were U.S. citizens at the time of expropriation and those who were not. In the meeting, Nicaraguan officials alleged that U.S. citizens have filed innumerable fraudulent claims, and these should be removed from the U.S. Embassy property registry. Finally, they asked us to remove cases from the registry once a government resolution on a case is issued, rather than wait for a final contract signed by both the claimant and the government, as is current practice. We have pushed back on these proposals and suggested that the Nicaraguan government focus on resolving specific claims rather than attempting to renegotiate the ground rules for working with us on this issue. End Summary.

¶2. (SBU) In an August 23 monthly "working-level" meeting on property claims, Attorney General Hernan Estrada, Property Superintendent Mireya Molina, and Member of the Attorney General's National Confiscation Review Commission (CNRC) Alfonso Solorzano sought to renegotiate the ground rules for resolving U.S. citizen property cases. Estrada, who attended the first half of the meeting, sought U.S. acquiescence on a proposal to differentiate between claimants who were U.S. citizens at the time of expropriation and those who have acquired citizenship since expropriation. He argued that citizenship should not be applied retroactively. Estrada declared that the Nicaraguan government will prioritize claims filed by U.S. citizens at the time of expropriation, with all other claims handled as if they were filed by Nicaraguan citizens. He contended that those cases filed by U.S. citizens who were Nicaraguan at the time of expropriation should not be included in the list of waiver cases maintained by the U.S. government.

¶3. (SBU) Econoff replied that the United States does not differentiate between those who were citizens at the time of expropriation and those who were not. We will continue to press for the resolution of all registered cases. He noted that Section 527 of the Foreign Relations Authorization Act, which prohibits economic assistance to countries that have not compensated U.S. citizens for confiscated property, makes no distinction between those who were U.S. citizens at the time of expropriation and those who were not. Econoff made it clear that all U.S. citizens, regardless of how or when they acquired citizenship, will receive support from the U.S. Embassy in securing compensation for confiscated property. Econoff also pointed out that Nicaraguan law establishes the same set of procedures for the resolution of expropriation cases whether or not the claimant is Nicaraguan.

¶4. (SBU) In separate meetings with Minister of Foreign Affairs Samuel Santos, the Ambassador has been on the receiving end of a similar complaint regarding citizenship at the time of

expropriation. The Ambassador has responded that the U.S. Embassy will continue to provide support and guidance to claimants without distinction, as is consistent with U.S. and Nicaraguan law. On several occasions, Santos has noted his displeasure with the waiver process, alleging that he was once tortured by an individual who is a claimant on the U.S. Embassy registry. Santos has declined to offer additional details on this issue.

¶15. (SBU) In the August 23 meeting with Econoff, CNRC Member Solorzano claimed that there were "innumerable irresolvable cases in the U.S. Embassy's registry." Solorzano and Property Superintendent Molina, who together led the Nicaraguan side after Estrada's departure, argued that many U.S. citizens have sought compensation for property never expropriated or already returned. Others have manipulated the value of their assets to demand higher compensation, according to Solorzano and Molina.

¶16. (SBU) Econoff replied that he doubted that there were "innumerable" cases of fraudulent claims filed by U.S. citizens. He acknowledged that with 678 claims still unresolved, it is possible there are a few who have misrepresented their claims. He cautioned Solorzano and Molina against sweeping judgments against all U.S. claimants. Econoff added that the U.S. Embassy does not condone fraud and will cooperate with Nicaraguan authorities in communicating with claimants when fraud is suspected in specific cases. The Embassy has already notified three claimants of purported irregularities identified by the Attorney General's Office.

¶17. (SBU) Molina claimed there are many cases where claimants had not met legal requirements to continue processing their cases. She and her staff said that claimants often lack clear title, proof of expropriation, powers of attorney for local legal representation, or financial information required to assess the property's value. Econoff offered assistance in communicating these issues to claimants, as they have done with previous administrations. Econoff proposed renewing working-level communications with Nicaraguan officials to facilitate this process. Molina agreed and said her staff would be available to exchange information on specific cases. [Note: In response to telephone inquiries made by Embassy staff since the August 23 meeting, Molina's staff has claimed to be too busy reviewing already resolved claims for "irregularities." End Note.]

¶18. (SBU) Molina asked Econoff to revise the criteria for removing cases from the U.S. Embassy registry. She suggested that when the CNRC issues a resolution on a case and the claimant agrees to the resolution, the case is resolved and should be removed. Molina claimed that the current administration had resolved at least 55 cases that fit into this category. She said that claimants are responsible for delays in preparing a final contract or "finiquito," executed between the government and the claimant, because they fail to provide necessary documentation. She thought that it may be necessary to establish a deadline for the preparation of finiquitos to hasten the process.

¶19. (SBU) In response, Econoff recognized the government's effort in resolving 55 cases, but noted that the U.S. Embassy would remove from the registry only those cases for which a finiquito has been signed. In many cases, finiquitos are delayed because other government agencies have not provided necessary documentation. He cautioned that any deadline for the preparation of finiquitos must accommodate circumstances beyond the control of the claimant. Econoff concluded by reminding his Nicaraguan counterparts that it would be more productive to concentrate on successfully resolving the many cases still included in the registry rather than attempting to pare down the list of claims by other means.

¶10. (SBU) Comment: Rather than focus on resolving specific claims, the Sandinista Administration is attempting to renegotiate the ground rules for working with us on these cases. They ignore the fact that this is a problem of their own creation and resent our intrusion in Nicaraguan affairs. U.S. citizen claimants, no doubt, recognize the irony that they must now negotiate for the return of their property with those who took it from them in the first place. We will continue to push back on attempts to renegotiate the ground rules for property claim resolutions. We will also seek to revive working-level communication on specific cases. End Comment.

